

## **Is there a payoff to early participation?**

Some have asked the question whether winning early-stage projects (feasibility studies, etc.) can have an effect on winning implementation contracts later on. For most of the IFIs the answer for a particular company is no as it is forbidden for a single company to implement both upstream and downstream projects (due to conflict of interest). However, it is possible that there might be a corollary between one Canadian company winning an early-stage contract and another Canadian company winning the downstream project. This might arise because of established links, increased knowledge of such opportunities, etc. If such a corollary does exist, what is the return to such contracts?

Although not much research has been done in this area, qualitative responses from people working with the IFIs suggest a low return. In fact, one study which examined the entry time of companies in projects...

"...could not confirm that early involvement in a project is a major success factor. Nearly all the goods suppliers in the study did not begin to pursue their contract until late in the project cycle; *ie.*, after the loan had been approved. About half the time it was in response to a published procurement notice of some kind. Even though consultants were more likely than suppliers to become involved prior to loan approval, and to attribute their success to an early involvement, one third of the consultants in the study were successful on the basis of an involvement which began after loan approval."<sup>13</sup>

This definitely does not support a strong link, as one would assume that a company's own early involvement would yield at least as good information as that available if another Canadian company won.

## **Canadian Snapshot: Procurement**

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<sup>13</sup>Clayton (1994), p ii.